

Message Text

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ACTION ACDA-12

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R 291440Z APR 78
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 7319
INFO USDOE WASHDC
AMEMBASSY BONN
AMEMBASSY BUENOS AIRES
AMEMBASSY THE HAGUE
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VIENNA FOR USIAEA

E.O. 11652: N/A
TAGS: ENRG, BR
SUBJ: NUCLEAR ISSUE -- BRAZILIAN PRESS COMMENT ON NON-PROLIFERA-
TION ACT AND FUEL SUPPLY MATTERS

REF: A) BRASILIA 2680 (NOTAL); B) BRASILIA 1990 (NOTAL);
C) BRASILIA 3277 (NOTAL); D) BRASILIA 3289 (NOTAL)

1. SUMMARY: THE GENERALLY MODERATE TONE OF BRAZILIAN
PRESS REPORTING ON THE NUCLEAR NON-PROLIFERATION ACT HAS BEEN
REINFORCED BY A TENDENCY TO EMPHASIZE THE ACT'S FLEXIBILITY,
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ALTHOUGH A CAUTIOUS AWARENESS OF THE DEGREE TO WHICH THE ACT
MIGHT AFFECT THE BRAZILIAN NUCLEAR PROGRAM AND THE FRG-BRAZIL
NUCLEAR ACCORD WAS ALSO EVIDENT. DESPITE REITERATED OFFICIAL
CONFIDENCE THAT ALL NECESSARY FUEL WILL BE AVAILABLE FROM THE
FRG, THE UNCERTAINTIES RAISED BY THE ACT AND BY DIFFICULTIES
WITHIN URENCO LED TO SUDDENLY RENEWED INTEREST IN OLD OFFERS
FROM FRANCE AND THE SOVIET UNION TO SUPPLY ENRICHED FUEL TO

BRAZIL, AND IN AT LEAST THE CASE OF THE FRENCH OFFER, THERE APPEAR TO HAVE BEEN RELATIVELY RECENT DISCUSSIONS OF THE SUBJECT. END SUMMARY.

2. BRAZILIAN PRESS REPORTING ON THE NUCLEAR NON-PROLIFERATION ACT AND ITS REPERCUSSIONS HAD BEEN GENERALLY MODERATE IN TONE. ASIDE FROM A SERIES OF ALARMIST REPORTS FROM BONN CORRESPONDENTS OF BRAZILIAN NEWSPAPERS (REFTEL A), AND A JORNAL DO BRASIL EDITORIAL ON 5 APRIL IN WHICH THE ACT'S REQUIREMENT FOR RENEGOTIATION OF VALID AGREEMENTS FOR COOPERATION (AND THE ASSUMED USG INTENT TO UNILATERALLY ABROGATE AGREEMENTS NOT RENEGOTIATED) WAS CALLED "LEONINE", ACCOUNTS HAVE TENDED MAINLY TO REPORT OBJECTIVELY ON THE TERMS OF THE ACT AND ON USG NEGOTIATIONS WITH THE EURATOM COUNTRIES. REPORTS OF FRENCH AND INDIAN REFUSAL TO CONSIDER RENEGOTIATION OF THEIR AGREEMENTS FOR COOPERATION WERE GIVEN PROMINENT SPACE ON 2 AND 7 APRIL, BUT WERE NOT OVERDRAMATIZED. SIMILARLY, APPARENTLY ERRONEOUS REPORTS OF DENIAL OF A LICENSE FOR ENRICHED URANIUM EXPORT TO INDIA WAS GIVEN PROMINENT SPACE ON 22 APRIL ALTHOUGH IN KEEPING WITH A DEVELOPING TENDENCY TO EMPHASIZE THE FLEXIBILITY OF THE ACT, THE REPORTS OF THE DENIAL IN BOTH THE JORNAL DO BRASIL AND THE ESTADO DE SAO PAULO POINTED OUT THAT THE DECISION CAN BE REVERSED AND THAT IT WAS GENERALLY PREDICTED THAT IT WOULD BE REVERSED.

3. THERE WERE ALSO PRESS REPORTS INDICATING A CAUTIOUS LIMITED OFFICIAL USE

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AWARENESS OF THE DEGREE TO WHICH THE NON-PROLIFERATION ACT MIGHT AFFECT THE BRAZILIAN NUCLEAR PROGRAM AND THE FRG-BRAZIL NUCLEAR ACCORD. A THOUGHTFUL ARTICLE ON 9 APRIL BY CARLOS CONDE OF THE ESTADO DE SAO PAULO'S BRASILIA OFFICE PLACED THE FRG-BRAZIL ACCORD IN THE LARGER PERSPECTIVE OF FRG-US RELATIONS AND EMPHASIZED THAT WHILE THE FRG CONSIDERED THE ACCORD "UNTOUCHABLE" AS A MATTER OF BOTH FRG CREDIBILITY AND ECONOMIC SELF-INTEREST, "THIS FACT SHOULD NOT LEAD BRAZILIANS TO IMAGINE THAT THE FRG WOULD PAY AN UNLIMITED PRICE TO PRESERVE THE ACCORD". CONDE ADDED THAT THERE WAS A DIFFERENCE OF PERSPECTIVE INVOLVED, LEADING BRAZIL TO REGARD THE ACCORD AS A LIFE-AND-DEATH MATTER, WHILE THE FRG MERELY LOOKS ON IT AS AN AGREEMENT WORTH PRESERVING WITHIN A COMPLEX OF LARGER ISSUES. ACCORDING TO CONDE, THE FRG HAS MADE THIS KNOWN TO THE GOB, AND HAS AT THE SAME TIME EXPRESSED A CERTAIN DEGREE OF NERVOUSNESS OVER BRAZILIAN EFFORTS TO CAST DEFENSE OF THE ACCORD IN ANTI-AMERICAN TERMS. CONDE REPORTED THAT THESE EFFORTS, TOGETHER WITH BRAZILIAN-INSPIRED SUGGESTIONS DURING PRESIDENT GEISEL'S VISIT TO GERMANY THAT THE FRG MIGHT REPLACE THE US AS BRAZIL'S PRINCIPAL ECONOMIC PARTNER (CONSIDERED A PRACTICAL IMPOSSIBILITY) ARE REGARDED IN THE FRG AS NOT AT ALL CONVENIENT. (COMMENT: THIS TRACKS WITH ASSURANCES THE FRG EMBASSY HAS GIVEN US HERE. THE FRG DCM HAS

STRESSED TO EMBOFFS AFTER GEISEL VISIT THAT FRG EMBASSY
HAD MADE IT CLEAR TO THE BRAZILIAN FOREIGN MINISTRY THAT THE
GERMANS HAD NO DESIRE TO DIMINISH CLOSE USG-GOB RELATIONSHIP AND
FORMULATE A NEW RELATIONSHIP IN WHICH THEY WOULD
DISPLACE THE USG AS BRAZIL'S PRINCIPLE PARTNER. END
COMMENT)

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INFO USDOE WASHDC

AMEMBASSY BONN

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4. THE JORNAL DO BRASIL HAD REPORTED ON 2 APRIL THAT
BRAZILIAN AUTHORITIES FIRST QUESTIONED THEIR ASSUMPTIONS ABOUT
FUEL SUPPLY WHEN SIGNS OF DOUBT ABOUT THE FRG'S CAPABILITY TO
HONOR ITS COMMITMENTS IN THE FACE OF DUTCH OPPOSITION WERE
EXHIBITED BY "ADVISORS ACCOMPANYING PRESIDENT CARTER IN
BRASILIA". THIS, ACCORDING TO THE JORNAL DO BRASIL'S UNSOURCED
REPORT, WAS PROMPTING BRAZIL TO LOOK INTO OTHER POSSIBLE SOURCES
OF FUEL SUPPLY, NOTABLY THE FRENCH, THROUGH EURODIF. THE

JORNAL DO BRASIL PINPOINTED THE BASIC PROBLEM AS FAR AS BRASIL IS CONCERNED -- OBTAINING RELOADS FOR ANGRA I -- IN ARTICLES ON 5 AND 13 APRIL. THE 5 APRIL ARTICLE CITED PROVISIONS LIMITED OFFICIAL USE

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OF THE 1972 BRAZIL-US COOPERATION AGREEMENT CONCERNING TERMINATION, PARTICULARLY THE REQUIREMENT THAT TERMINATION NOT BE UNDERTAKEN WITHOUT PROVIDING SUFFICIENT NOTICE TO THE OTHER PARTY, WITH "SUFFICIENT NOTICE" FOR BRAZIL BEING DEFINED AS TIME FOR BRAZIL TO TURN TO ALTERNATE ENERGY SOURCES. (ARTICLE 12, PARA C, OF AGREEMENT OF JULY 17, 1972 - TIAS 7438) THE JORNAL DO BRASIL CONCLUDED THAT IF THE AGREEMENT FOR COOPERATION WERE NOT RENEGOTIATED AND FUEL FROM THE US WERE CUT OFF, A "DELICATE DIPLOMATIC PROBLEM" WOULD ARISE AT ABOUT THE TIME THAT THE INITIAL FUEL LOAD FOR ANGRA I WOULD REQUIRE REPLACEMENT, IN APPROXIMATELY LATE 1980 OR EARLY 1981.

5. BRAZILIAN AUTHORITIES CONTINUE TO EXPRESS DOGGED OFFICIAL FAITH IN THE ABILITY OF THE FRG TO SUPPLY BRAZILIAN ENRICHED FUEL NEEDS BEGINNING WITH THE FIRST RELOAD OF ANGRA I, WITH THE MOST RECENT EXAMPLE BEING THE REMARKS OF MINISTER OF MINES AND ENERGY SHIGEAKI UEKI IN PARIS REPORTED BY THE ESTADO DE SAO PAULO ON 25 APRIL. UEKI WAS ASKED ABOUT REPORTS OF FRENCH INTEREST IN SUPPLYING FUEL, AND REPLIED THAT "THIS WAS NOT NECESSARY, SINCE THE CONTRACT WITH EURATOM (SIC - SHOULD BE URENCO) PROVIDES THAT THE FRG AND THE UK WILL ASSUME THE OBLIGATIONS OF HOLLAND, IF THAT COUNTRY DECLINES TO SUPPLY THE PORTION ASSIGNED TO IT IN THE CONTRACT." UEKI WENT ON TO CONFIRM THAT THE FRENCH HAD INDEED MADE A FUEL SUPPLY OFFER THROUGH THEIR MINISTER OF INDUSTRY, ANDRE GUCAUD, WHO AT THE TIME OF THE OFFER WAS HEAD OF THE FRENCH ATOMIC ENERGY COMMISSION. (COMMENT: THE DATE OF THE OFFER WAS NOT FURTHER SPECIFIED, ALTHOUGH THE ESTADO DE SAO PAULO NOTED THAT GIRAUD HAD CHANGED POSITIONS ONLY A MONTH AGO. UEKI SPECIFIED THAT THE URENCO CONTRACT GUARANTEED FUEL FOR "THE REACTORS UNDER CONSTRUCTION," WHICH PRESUMABLY INCLUDES ANGRA I. END COMMENT.)

6. UEKI'S FAITH IN THE FRG AS A SUPPLIER OF FUEL CONTRASTED LIMITED OFFICIAL USE

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WITH THE SHARPLY INCREASED INTEREST OF THE PRESS IN ALTERNATE SOURCES. UEKI'S PRIOR COMMENTS (DURING PRESIDENT GEISEL'S EARLY MARCH VISIT TO THE FRG) ABOUT POSSIBLE SOVIET OR FRENCH SUPPLY OF FUEL HAD NOT ATTRACTED MUCH ATTENTION, POSSIBLY BECAUSE IN THE FACE OF WHAT SEEMED AT THE TIME TO BE A SAFE SCENARIO FOR SUPPLY OF FUEL FROM EUROPE FOR THE FULL NUCLEAR

PROGRAM (PARAGRAPH 9 OF REFTEL B), THE QUESTION SEEMED ENTIRELY HYPOTHETICAL. HOWEVER, A REMARK BY CARLOS SYLLUS, DIRECTOR OF RESEARCH AND DEVELOPMENT FOR NUCLEBRAS, THE BRAZILIAN PUBLIC SECTOR NUCLEAR DEVELOPMENT CORPORATION, TO THE EFFECT THAT FRANCE AND THE USSR HAD EXPRESSED AN INTEREST IN SUPPLYING ENRICHED FUEL TO BRAZIL (PARAGRAPH 10 OF REFTEL C) WAS WIDELY REPORTED IN THE PRESS ON 14 APRIL, PROMPTING HIGHLY DIVERGENT AND CONTRADICTORY FOLLOW-UP COMMENT. BRAZILIAN GOVERNMENT AND FRENCH AND SOVIET EMBASSY SOURCES WERE VARIOUSLY QUOTED AS RIDICULING, DENYING, DECLINING TO COMMENT ABOUT, "HAVING NO REASON TO DENY," AND CONFIRMING THE REPORTS, WITH THE CONTRADICTION BETWEEN THE VIEWS OF FRENCH EMBASSY SOURCES REPORTED IN PARAGRAPH 5 OF REFTEL D AND THE REMARKS OF MINISTER UEKI IN PARIS (PARAGRAPH 5 ABOVE) BEING BUT ONE EXAMPLE.

7. AS PIECED TOGETHER FROM THE PRESS REPORTING REGARDING ALTERNATIVES TO URENCO FUEL FOR THE BRAZILIAN NUCLEAR PROGRAM, IT APPEARS THAT THERE ARE INDEED FRENCH AND SOVIET PROPOSALS TO SUPPLY FUEL, THE FRENCH PROPOSAL BEING AT THE SAME PRICE AS THAT PROVIDED IN THE URENCO CONTRACT, AND THE SOVIET OFFER BEING AT A SLIGHTLY LOWER PRICE. HOWEVER, THE OFFERS DATE FROM 1975, WHEN BRAZIL FIRST BEGAN LOOKING FOR A FUEL SUPPLIER, AND EXCEPT FOR MINISTER UEKI'S REFERENCE TO APPARENTLY MORE RECENT DISCUSSIONS WITH FRENCH MINISTER GIRAUD, THERE HAS BEEN NO INDICATION THAT THERE HAVE BEEN ADDITIONAL DISCUSSIONS WITH ALTERNATE SUPPLIERS SINCE THE URENCO OFFER WAS FIRST

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ACCEPTED. ON THE OTHER HAND, THERE HAVE BEEN NO FORMAL
WITHDRAWALS OF THE OFFERS, EITHER, AND A "DIPLOMATIC SOURCE
IN BRASILIA" (A PRESS CONTACT, HAS CLAIMED TO EMBOFF THAT IT
WAS FOREIGN MINISTRY SPOKESMAN FELIPE LAMPREIA) WAS REPORTED
BY THE ESTADO DE SAO PAULO ON 15 APRIL TO HAVE SAID THAT ONE
PURPOSE OF UEKI'S VISIT TO PARIS WAS TO DISCUSS FUEL SUPPLY.
THE SOURCE ALSO CONFIRMED THE EXISTENCE OF A SOVIET OFFER,
BUT SAID THAT IT WAS REGARDED AS AN OFFER OF LAST RESORT
BY THE BRAZILIANS BECAUSE OF POLITICAL SENSITIVITIES.

8. THE ORIGINAL REFERENCE TO ALTERNATE SUPPLIERS BY CARLOS
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SYLLUS HAD CLEARLY SPECIFIED THAT THEY WERE REGARDED AS FALLBACK
SOURCES OF FUEL IN THE EVENT UNANTICIPATED COMPLICATIONS PREVENT
THE FRG AND UK FROM FOLLOWING THROUGH ON THEIR PROMISE TO DELIVER
ENRICHED URANIUM TO BRAZIL REGARDLESS OF THE POSITION TAKEN BY
THE DUTCH. SYLLUS DID NOT ELABORATE ON THE CIRCUMSTANCES OR
TERMS OF THIS PROMISE, BUT IN A SPEECH BEFORE THE BRAZILIAN
SENATE COMMITTEE ON MINES AND ENERGY ON 5 APRIL, ARENA SENATOR
VIRGILIO TAVORA, THE GOVERNING PARTY'S DEPUTY SENATE
LEADER AND AN UNOFFICIAL APOLOGIST FOR THE NUCLEAR PROGRAM,
DESCRIBED IT AS CONSISTING OF A PROMISE TO PRESIDENT GEISEL
FROM THE FRG GOVERNMENT THAT IN THE EVENT THE URENCO-BRAZIL
CONTRACT WERE NOT FULFILLED, THE FRG WOULD RETRANSFER THE
NECESSARY PORTION OF ITS OWN QUOTA OF URENCO ENRICHED URANIUM
TO BRAZIL. (COMMENT: EMBASSY PRESUMES THAT THIS DESCRIPTION
OF THE NATURE OF FRG ASSURANCES TO THE BRAZILIANS IGNORES
URENCO AND OTHER RESTRICTIONS ON RETRANSFER AND IS THUS
FLAWED. NONETHELESS, IT IS CLEAR THAT BRAZIL CONTINUES TO
LOOK 1 TOWARD EUROPE FOR ITS FUEL ENRICHMENT REQUIREMENTS,

AND THAT DESPITE UNCERTAINTIES RAISED BY THE NON-PROLIFERATION
ACT AND THE DUTCH POSITION WITHIN URENCO, BRAZIL STILL
EXPECTS EUROPEAN SUPPLIERS TO BE ABLE TO MEET THE NEEDS OF
THE FULL NUCLEAR PROGRAM. THE ESTADO DE SAO
PAULO REPORTED ON 27 APRIL THAT DUTCH FOREIGN MINISTER
VAN DER KLAUW HAD TOLD THE DUTCH PARLIAMENT THAT HE
DID NOT BELIEVE THAT A DUTCH VETO OF
DELIVERIES UNDER THE URENCO-BRAZIL CONTRACT WAS LEGALLY
POSSIBLE, WHICH WILL REINFORCE THE BRAZILIAN EXPECTATION
THAT ENRICHED FUEL WILL BE AVAILABLE FROM URENCO. END
COMMENT)
JOHNSON

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